

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



April 27, 2006

COUNTY FISCAL LETTER (CFL) NO. 05/06-44

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY FISCAL OFFICERS
ALL COUNTY AUDITOR CONTROLLERS
ALL COUNTY PROBATION OFFICERS

SUBJECT: FEDERAL BUDGET RECONCILIATION BILL CHANGES TO
TITLE IV-E ADMINISTRATIVE FUNDING

The purpose of this letter is to alert you to changes brought about by the passage of the Deficit Reduction Act of 2005 (commonly referred to as the federal budget reconciliation bill) signed into law by the President on February 8, 2006. We have been notified that the federal Department of Health and Human Services is proceeding to implement the provisions of this bill. It is anticipated that states will be limited to claiming Title IV-E administrative costs for one calendar month when a child transitions from a federally-ineligible facility into a foster family home or child care institution licensed by the State. Ineligible facilities are defined in the Social Security Act Section 472(c)(2) as detention facilities, forestry camps, training schools, public institutions that accommodate more than 25 children, and facilities that are primarily for the detention of children who are determined to be delinquent. Previously, there was no limit on claiming administrative costs for children in these facilities if the county was providing preplacement preventative services or preparing for the child to enter foster care.

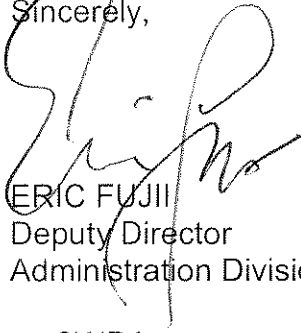
These new restrictions may also impact the State's ability to claim federal reimbursement for administrative costs for more than one calendar month for children in a hospital or an emergency shelter care facility with more than 25 beds. County Welfare Departments (CWDs) will be accountable for ensuring that administrative claims for federal reimbursement for children in hospitals or applicable emergency shelter care facilities are in accordance with the new federal requirements. County Probation Departments and CWDs should also be advised that future claims for Title IV-E reimbursement for administrative activities on behalf of children placed in detention facilities may be limited to one calendar month.

For foster care cases open on or after February 8, 2006, county social workers/eligibility workers must flag these cases to track the length of stay in hospitals, emergency shelter care facilities with more than 25 beds, or any other ineligible facility, and their subsequent placement (whether in a federally eligible or ineligible facility) to determine if the administrative costs may be eligible for federal reimbursement.

The Deficit Reduction Act was signed on February 8, 2006, but includes an effective date of October 1, 2005. CDSS is awaiting clarification from the federal government whether these provisions must be implemented retroactively, as of the date the bill was

signed into law, or some later date. Additional information and any new claiming instructions will be issued in a forthcoming CFL. If you have any questions regarding this CFL, please contact Eddie Yamamoto, Unit Supervisor, Fiscal Policy Bureau at (916) 657-1668 or by e-mail at eddie.yamamoto@dss.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Fujii", is written over the typed name and title.

ERIC FUJII
Deputy Director
Administration Division

c: CWDA
CPOC